

1 The opinion in support of the decision being entered today was *not* written
2 for publication in and is *not* binding precedent of the Board.

3
4 UNITED STATES PATENT AND TRADEMARK OFFICE

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7 BEFORE THE BOARD OF PATENT APPEALS
8 AND INTERFERENCES

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11 *Ex parte* SCOTT C. HARRIS

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14 Appeal 2007-0325
15 Application 09/780,248
16 Technology Center 3600

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19 Decided: April 16, 2007

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22 Before ROBERT E. NAPPI, LINDA E. HORNER, and ANTON W. FETTING,
23 *Administrative Patent Judges.*

24 FETTING, *Administrative Patent Judge.*

25 DECISION ON APPEAL

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27
28 STATEMENT OF CASE

29 This appeal involves a final rejection of claims 5-7, 9-11, 15-30, 32, and 33¹.
30 We have jurisdiction over the appeal pursuant to 35 U.S.C. §§ 6 and 134.

31

¹ Claims 1-4 are withdrawn from consideration following restriction. Claims 8 and 12-14 are cancelled. The Examiner has no rejection against claim 31, although it is among those claims subjected to a new ground of rejection in this decision.

1 We AFFIRM-IN-PART and MAKE A NEW GROUND OF REJECTION
2 PURSUANT TO 37 C.F.R. § 41.50(b).

3
4 The Appellant invented virtual auctions carried out more like a real live
5 auction. This live auction includes certain refinements which improve it for use on
6 the Internet, with each of a plurality of bidders being identifiable; a combination of
7 an on-line auction and off-line auction, with the off-line auction forming
8 effectively a display period for the merchandise during which the users can place
9 bids, and the on-line auction forming a final bidding period for the goods during
10 which the goods are actually sold; and an agent for use in an online auction, in
11 which not only the amounts of the bids, but also the time when those amounts are
12 released, are specified (Specification 2). An understanding of the invention can be
13 derived from a reading of exemplary claim 5, which is reproduced below.

14 5. A method, comprising:
15 allowing each of accepting bids from a plurality of users to
16 submit bids for a specified item being auctioned, said bids being
17 submitted from any of a number of clients over a network to a server
18 which collects said bids; and
19 defining rules for actions in said auction, said rules including at
20 least a time when the action will take place, and an actual action that
21 will take place at the defined time; and
22 keeping the rules secret until the defined time.

23
24 This appeal arises from the Examiner's Final Rejection, mailed July 20, 2005.
25 The Appellant filed an Appeal Brief in support of the appeal on May 12, 2006, and
26 the Examiner mailed an Examiner's Answer to the Appeal Brief on July 28, 2006.

PRIOR ART

The prior art references of record relied upon by the Examiner in rejecting the appealed claims are:

Ladner	US 5,847,971	Dec. 8, 1998
Barzilai	US 6,012,045	Jan. 4, 2000 (filed Jul. 1, 1997)
Scaer	US 6,101,498	Aug. 8, 2000 (filed Nov. 17, 1997)
Harrington	US 6,161,099	Dec. 12, 2000 (filed May 29, 1998)
Shoham	US 6,285,989 B1	Sep. 4, 2001 (filed Aug. 7, 1998)
Holden	US 2001/0032175 A1	Oct. 18, 2001 (effective filing Apr. 27, 2000 ²)
Dinwoodie	US 6,415,269 B1	Jul. 2, 2002 (filed May 29, 1998)
Alaia	US 6,499,018 B1	Dec. 24, 2002 (filed May 14, 1999)
Dennis L. Prince, <i>Auction This! Your Complete Guide to the World of Online Auctions</i> , 136 (Prima Tech, 1999).		
<i>eBay Help</i> : Basics : FAQ : Auction Formats (Nov. 22, 1999).		

² The Examiner should verify the propriety of relying on Holden as prior art, in view of the instant application's claim to the benefit of a provisional application 60/169,728, filed Dec. 8, 1999.

REJECTIONS³

Claims 15-19 and 29 stand rejected under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention.

Claims 15, 16, and 19 stand rejected under 35 U.S.C. § 102(e) as anticipated by Barzilai.

Claim 28 stands rejected under 35 U.S.C. § 102(e) as anticipated by Holden.

Claims 5-7 stand rejected under 35 U.S.C. § 103(a) as obvious over Shoham and eBay Help.

Claims 9-11 stand rejected under 35 U.S.C. § 103(a) as obvious over Shoham and Harrington.

Claims 23, 24, and 27⁴ stand rejected under 35 U.S.C. § 103(a) as obvious over Barzilai and Auction This!.

Claims 25 and 26 stand rejected under 35 U.S.C. § 103(a) as obvious over Barzilai, Auction This!, and Dinwoodie.

Claim 17 stands rejected under 35 U.S.C. § 103(a) as obvious over Barzilai and Ladner.

Claim 18 stands rejected under 35 U.S.C. § 103(a) as obvious over Barzilai and Scaer.

³ The Examiner also entered a provisional non-statutory double patenting rejection with respect to co-pending application 09/669,805 (Br. 13; Answer 13-14). Application 09/669,805 has not issued as a patent, and therefore this provisional rejection is not ripe for appeal and we do not treat it in this opinion.

⁴ The Examiner included claims 12-14 in this rejection (Answer 9), but, as the Appellant indicated (Br. 10), these claims have been cancelled.

1 Claim 20 stands rejected under 35 U.S.C. § 103(a) as obvious over Shoham
2 and Scaer.

3 Claims 21 and 22 stand rejected under 35 U.S.C. § 103(a) as obvious over
4 Shoham , Barzilai, and Scaer.

5 Claim 29 stands rejected under 35 U.S.C. § 103(a) as obvious over Holden.

6 Claims 30 and 32 stand rejected under 35 U.S.C. § 103(a) as obvious over
7 Holden and Alaia.

8
9 ISSUES

10 The issues pertinent to this appeal are

- 11 • Whether claims 15-19 are properly rejected as indefinite:
- 12 ○ Whether the phrase “which allows entering a user to enter “ is
13 insolubly ambiguous (Br. 6).
- 14 • Whether claim 29 is indefinite
- 15 ○ Whether a phrase that begins with “allowing” is indefinite for not
16 positively reciting that which is allowed (Br. 6).
- 17 • Whether claims 15, 16, and 19 are properly rejected as anticipated by
18 Barzilai
- 19 ○ Whether the art applied shows displaying information which allows a
20 user to enter either one of a bid for said item, or an amount that
21 automatically wins the auction (Br. 7).

- 1 • Whether claim 28 is properly rejected as anticipated by Holden.
 - 2 ○ Whether the art applied shows treating a bid received within a
 - 3 predetermined period of time before an end time of an auction less
 - 4 favorably than bids received prior to said predetermined period (Br. 7-
 - 5 8).
- 6 • Whether claims 5-7 are properly rejected as obvious over Shoham and eBay
- 7 Help.
 - 8 ○ Whether the art applied teaches or suggests defining rules for actions
 - 9 in an auction, said rules including at least a time when the action will
 - 10 take place, and an actual action that will take place at the defined
 - 11 time; and keeping the rules secret until the defined time (Br. 8⁵).
- 12 • Whether claims 9-11 are properly rejected as obvious over Shoham and
- 13 Harrington.
 - 14 ○ Whether the applied art teaches or suggests making a decision at the
 - 15 local computer to accept or reject a new bid from a user at the local
 - 16 computer; and only if the new bid is accepted at said local computer,
 - 17 sending information about the new bid to the server computer,
 - 18 wherein said accepting a bid comprises comparing a local bid to said
 - 19 highest bid information, and sending said information to said server
 - 20 computer only when said local bid is higher than said highest bid
 - 21 information (Br. 9-10).

⁵ The Appellant includes claim 8 in their contentions regarding this issue, but claim 8 is cancelled.

- 1 • Whether claims 23, 24, and 27 are properly rejected as obvious over Barzilai
2 and Auction This!.
 - 3 ○ Whether the art applied teaches or suggests automatically updating
4 said displaying on each of said plurality of computers with new
5 information (Br. 10-11 – also see Footnote 4 *supra*).
- 6 • Whether claims 25 and 26 are properly rejected as obvious over Barzilai,
7 Auction This!, and Dinwoodie.
 - 8 ○ Whether the art applied teaches or suggests streaming video or stop
9 motion video (Br. 11).
- 10 • Whether claim 17 is properly rejected as obvious over Barzilai and Ladner.
 - 11 ○ Whether the art applied teaches or suggests a three-dimensional view
12 of an item for sale (Br. 11).
- 13 • Whether claim 18 is properly rejected as obvious over Barzilai and Scaer.
 - 14 ○ Whether the art applied shows or suggests a screen tip indicating bid
15 amounts (Br. 11).
- 16 • Whether claim 20 is properly rejected as obvious over Shoham and Scaer.
 - 17 ○ Whether the art applied shows or suggests a screen tip associated with
18 an item for sale (Br. 12).
- 19 • Whether claims 21 and 22 are properly rejected as obvious over Shoham,
20 Barzilai, and Scaer.
 - 21 ○ Whether the art applied shows or suggests a screen tip associated with
22 an item for sale (Br. 12).

- Whether claim 29 is properly rejected as obvious over Holden, and claims 30 and 32 as obvious over Holden and Alaia (Br. 12).

FACTS PERTINENT TO THE ISSUES

The following Findings of Fact (FF), supported by a preponderance of substantial evidence, are pertinent to the above issues.

01. The Appellant admits that the phrase “which allows entering a user to enter” is erroneous and that it will be corrected (Br. 6).
02. The Appellant admits that the use of the word “allowing” in claims 15-19 and 29 do not positively recite their object and that this is intentional (Br. 6).
03. Thus, the use of the phrases beginning with “allowing” in claims 15-19 and 29 present breadth, but not indefiniteness.
04. The Examiner contends that claim 15 and the claims that depend from it contain a limitation in the alternative regarding the information that is entered by a user, *viz.*, “either one of a bid for said item, or an amount that automatically wins the auction,” such that the claim claims entry of either of the limitations (Answer 5, 15).
05. A series of claim limitations recited in the alternative is satisfied if any one of the limitations is met. Therefore, the phrase “either one of a bid for said item, or an amount that automatically wins the auction,” a phrase recited in the alternative, is met if either of the limitations is met.
06. The Examiner further contends, and the Appellant agrees, that the phrase “allowing displaying information which allows . . . a user to enter

1 either one of a bid for said item, or an amount that automatically wins
2 the auction,” is not positively recited within the claim (Answer 4, 15; Br.
3 6).

4 07. From a claim construction standpoint, allowing a user to enter either
5 one of a bid for said item, or an amount that automatically wins the
6 auction is no more limiting than allowing a user to enter an amount,
7 since the functional relationship between the amount and the operation
8 of the procedure is not positively recited.

9 08. Barzilai shows displaying an item for sale by auction over a network
10 and displaying information to enter a bid for said item (Barzilai, Fig. 5
11 and col. 1, ll. 48-67).

12 09. Thus, Barzilai shows displaying information which allows a user to
13 enter either one of a bid for said item, or an amount that automatically
14 wins the auction.

15 10. Claim 28 requires that a bid received towards the end of an auction is
16 treated "less favorably" than a bid received prior to that predetermined
17 period (Br. 7).

18 11. The Examiner states that because Holden's late arriving bids cause an
19 auction extension, they are treated differently and less favorably than
20 those earlier received (Answer 15-16).

21 12. Holden states that

22 In a further embodiment of the method and system, an
23 automatic extend ("auto extend") feature is available in block
24 709. This feature is enabled during the scheduling phase of the
25 auction, but is not acted upon until the scheduled end time. If

1 bidders make bids very close to the end of the auction, the
2 auction is automatically extended by a predetermined amount of
3 time. This prevents what is commonly referred to as "sniping,"
4 e.g., waiting until moments before the auction closes to place a
5 small incremental winning bid and preventing competing bids
6 to be entered (the auction ends before competitors can place a
7 bid). [Holden, Paragraph [0083].]

8 13. As the Appellant indicates, the bids are treated the same in Holden.

9 The only difference is that the auction is extended. This does not in any
10 way treat the bids less favorably. The bids are treated precisely the same
11 way during the auction extension that they are before the auction
12 extension (Br. 8).

13 14. Shoham shows defining rules for actions in an auction in its
14 description of a Market Specification Console (Shoham, col. 5, l. 65 to
15 col. 9, l. 27), said rules including at least a time when the action will take
16 place, and an actual action that will take place at the defined time
17 (Shoham, Table 2, col. 7-8).

18 15. Claim 5 and the claims that depend from it contain the limitation of
19 "keeping the rules secret until the defined time." These claims do not
20 recite from whom the claims are to be kept secret.

21 16. Shoham recites an exemplary rule of "If trader A modifies a bid by
22 more than Z% then close access to the market for trader A and
23 investigate for gaming behavior" (Shoham, col. 8, ll. 15-19).

24 17. A person of ordinary skill in the art would know that rules to reduce
25 gaming behavior are generally kept secret because general knowledge of
26 the rules would enable gaming behavior just insufficient to trigger the
27 rules. Thus, Shoham suggests the types of rules that would be kept

1 secret from those they were intended to uncover until such time as the
2 behavior triggered the rule and access was closed.

3 18. Also, as the Examiner indicated, eBay discloses the reserve price
4 auction at page 1 "What Is a Reserve Price Auction," where the bidding
5 rule is that a reserve price is kept secret until a defined time (the time at
6 which bids meet or exceed the reserve price). It would have been
7 obvious to one of ordinary skill in the art at the time of the invention to
8 modify Shoham with a secret rule, such as that of eBay, because this
9 would allow a seller to not sell at an unacceptably low price (Answer 8).

10 19. Harrington describes a process of conducting an auction and of
11 comparing bids during the auction. In particular, Harrington states

12 The bidders' computers are provided with commercially available
13 browser software that communicates through the network with an
14 auctioneer's server. Auction terms and conditions, and a description of
15 the instruments to be auctioned, are broadcast or otherwise made
16 available by the auctioneer's server to the bidders' computers. During
17 the auction the auctioneer's server broadcasts or otherwise makes
18 available selected bid information such as bidder status (i e., leader or
19 not leader), or the current highest bid and, if desired, the identity of
20 the current highest bidder. Software on the server, or perhaps on the
21 bidders' computers in a JAVA implementation, guides the bidders
22 through the bidding process and provides computational assistance in
23 preparing their bids and comparing them to the current highest bid.
24 The bidder may prepare a tentative bid, review it and modify it before
25 submitting it. A confirmation step may be implemented to insure that
26 the bid is correct before it is submitted. When a bid is "submitted", it
27 is compared with the current highest bid. If the submitted bid is higher
28 than the current highest bid, it becomes the new current highest bid
29 and, if desired, is made available to all bidders. (Harrington, col. 5, ll.
30 14-36).

1 20. Thus, Harrington shows an auction system in which the highest bid is
2 continually shared by the server with all of the clients, and that software
3 on the bidders' computers in a JAVA implementation provides
4 computational assistance in preparing bids and comparing them to the
5 highest bid, and only then are the bids submitted after a confirmation
6 step.

7 21. Thus, Harrington shows making a decision at the local computer to
8 accept or reject a new bid from a user at the local computer; and only if
9 the new bid is accepted at said local computer, sending information
10 about the new bid to the server computer, wherein said accepting a bid
11 comprises comparing a local bid to said highest bid information, and
12 sending said information to said server computer only when said local
13 bid is higher than said highest bid information.

14 22. The Examiner took official notice that web browsers have the capacity
15 to automatically refresh, i.e., update their contents, when appropriately
16 triggered (Answer 10).

17 23. The Appellant contends that when the trigger is manually pressing a
18 refresh button, the action is not automatic (Br. 10).

19 24. Claim 23, and the claims depending from it do not specify what
20 degree of automation is provided. Certainly, the instructions that a
21 program follows to refresh data after an operator triggers a refresh
22 automatically updates the information. Further, push technology, which
23 caused a server to continually refresh clients with data in web
24 applications was notoriously old and well known at the time of the
25 invention.

1 25. Thus, the reference to a web browser in Auction This! suggests
2 automatically updating said displaying on each of said plurality of
3 computers with new information.

4 26. Dinwoodie shows adding video streaming to an auction site
5 (Dinwoodie, col. 6, ll. 51-60).

6 27. As the Examiner indicated, it was notoriously old and well known at
7 the time of the invention to pause video, which is a species of the genus
8 of stop action.

9 28. Thus, Dinwoodie shows or suggests streaming video or stop motion
10 video.

11 29. Ladner shows three-dimensional display of items for sale (Ladner,
12 Fig. 24 and col. 1, ll. 6-14).

13 30. Barzilai relates sales and auction environments (Barzilai, col. 1, ll. 48-
14 51).

15 31. Thus, the art applied shows or suggests a three-dimensional view of
16 an item for sale in an auction environment.

17 32. Scaer shows the use of transient display to provide supplemental data,
18 triggered by cursor hovering, otherwise known as screen tips (Scaer, col.
19 2, ll. 7-12, 41-43).

20 33. Screen tips are used to provide help on items in a display.

21 34. Bid amounts and an item for sale in Barzilai and Shoham are instances
22 of items in a display for which help would be appropriate.

35. Thus, the art applied shows or suggests a screen tip indicating bid amounts.

36. Thus, the art applied shows or suggests a screen tip associated with an item for sale.

ANALYSIS

Claims 15-19 and 29 rejected under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention.

The Appellant agrees that claim 15 contains a grammatical error and that this will be corrected (FF01). Thus, this grammatical error does render the claim indefinite until corrected. The Appellant similarly agrees that the phrases beginning with the word “allowing” are not positively recited (FF02). Thus, the claims are broad, but not indefinite (FF03).

Accordingly we sustain the Examiner's rejection of claims 15-19 under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention, as it pertains to the narrow grammatical error in the phrase "which allows entering a user to enter," but we do not sustain the Examiner's rejection of claims 15-19 and 29 under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention as they pertain to the failure of the phrase beginning with the word "allowing" to positively recite the object of allowing as claimed subject matter.

The portion of this rejection that is sustained may be overcome by making the syntactic correction that the Appellant indicated would be made, i.e., changing the

1 phrase to “which allows a user to enter.” The Appellant has the right to make an
2 amendment in conformity therewith under 37 C.F.R. § 41.50(c).

3
4 *Claims 15, 16, and 19 rejected under 35 U.S.C. § 102(e) as anticipated by*
5 *Barzilai.*

6 The art applied shows displaying information which allows a user to enter
7 either one of a bid for said item, or an amount that automatically wins the auction
8 (FF08), and claim 15 and the claims that depend from it do not positively recite the
9 entry of such a number in any event (FF03)⁶.

10 The Appellant contends that Barzilai does not display information that allows
11 either a bid amount or an amount that automatically wins to be entered (Br. 7). As
12 the above facts demonstrate, Barzilai displays information that allows an amount to
13 be entered. How the amount is treated by the system is not positively recited, but
14 Barzilai clearly provides for treating the amount as one of the two alternative
15 limitations.

16 Accordingly we sustain the Examiner's rejection of claims 15, 16, and 19 under
17 35 U.S.C. § 102(e) as anticipated by Barzilai.

18

⁶ *Auction This!*, *Buy Price Auctions*, p. 136, suggests the construction that the Appellant appears to argue, viz. entering an amount that the auction system will interpret as being one of a bid for said item, or an amount that automatically wins the auction, according to the user's selection of which of those two ways to treat the amount (Answer 9), and would be appropriate to add to the rejection were the claims so amended.

Claim 28 rejected under 35 U.S.C. § 102(e) as anticipated by Holden.

Holden fails to show treating a bid received within a predetermined period of time before an end time of an auction less favorably than bids received prior to said predetermined period, and thus cannot show lack of novelty (FF13).

Accordingly we do not sustain the Examiner's rejection of claim 28 under 35 U.S.C. § 102(e) as anticipated by Holden.

Claims 5-7 rejected under 35 U.S.C. § 103(a) as obvious over Shoham and eBay Help.

The art applied shows defining rules for actions in an auction, said rules including at least a time when the action will take place, and an actual action that will take place at the defined time; and keeping the rules secret until the defined time (FF17 & 18). The Appellant contends that eBay's reserve price rule fails to include a time and action and is not a bidding rule (Br. 8). However, as the above Findings of Fact (FF17 & 18) show, the rule pertains to how the bidding is responded to, contains the action of requiring the reserve price hurdle to be overcome, and specifies the time as that when this hurdle is overcome.

Accordingly we sustain the Examiner's rejection of claims 5-7 under 35 U.S.C. § 103(a) as obvious over Shoham and eBay Help.

Claims 9-11 rejected under 35 U.S.C. § 103(a) as obvious over Shoham and Harrington.

The applied art shows or suggests making a decision at the local computer to accept or reject a new bid from a user at the local computer; and only if the new

1 bid is accepted at said local computer, sending information about the new bid to
2 the server computer, wherein said accepting a bid comprises comparing a local bid
3 to said highest bid information, and sending said information to said server
4 computer only when said local bid is higher than said highest bid information
5 (FF21). The Appellant contends that the Examiner's use of a live auction analogy
6 in the analysis of the rejection is inappropriate because a live auction does not
7 involve storing high bids. Certainly the reference to live versions of a claimed
8 automated process is appropriate for assisting in an analysis. As to the teachings of
9 where the high bid is stored, as the above facts demonstrate, Harrington provides
10 the requisite teaching.

11 Accordingly we sustain the Examiner's rejection of claims 9-11 under 35
12 U.S.C. § 103(a) as obvious over Shoham and Harrington.

13
14 *Claims 23, 24, and 27 rejected under 35 U.S.C. § 103(a) as obvious over Barzilai*
15 *and Auction This!.*

16 The reference to a web browser in Auction This! suggests automatically
17 updating said displaying on each of said plurality of computers with new
18 information (FF25).⁷

19 The Appellant contends that refreshing a display following manual triggering
20 of a refresh button is not automatic refresh (Br. 10). However, the Appellant has
21 not limited the scope of the degree of automation, and the automatic nature of the

⁷ Also, although not part of the art applied in this rejection, Harrington describes automatically updating clients by the server in an auction environment (FF19).

1 screen refresh following the triggering of a refresh button is within the broad scope
2 of the claim.

3 Accordingly we sustain the Examiner's rejection of claims 23, 24, and 27 under
4 35 U.S.C. § 103(a) as obvious over Barzilai and Auction This!.

5
6 *Claims 25 and 26 rejected under 35 U.S.C. § 103(a) as obvious over Barzilai,*
7 *Auction This!, and Dinwoodie.*

8 The art applied shows or suggests streaming video or stop motion video in an
9 auction environment (FF28).

10 Accordingly we sustain the Examiner's rejection of claims 25 and 26 under 35
11 U.S.C. § 103(a) as obvious over Barzilai, Auction This!, and Dinwoodie.

12
13 *Claim 17 rejected under 35 U.S.C. § 103(a) as obvious over Barzilai and Ladner.*

14 The art applied shows or suggests a three-dimensional view of an item for sale
15 in an auction environment (FF31). The Appellant contends that Ladner does not
16 show an auction context (Br. 11). However, an auction is a method of selling, and
17 Barzilai makes the connection between linking sales and auctions within the same
18 system, so Ladner's sales context would have been obvious to a person of ordinary
19 skill in the art.

20 Accordingly we sustain the Examiner's rejection of claim 17 under 35 U.S.C.
21 § 103(a) as obvious over Barzilai and Ladner.

1 *Claim 18 rejected under 35 U.S.C. § 103(a) as obvious over Barzilai and Scaer.*

2 The art applied shows or suggests a screen tip indicating bid amounts (FF35).
3 The Appellant contends that Scaer does not show screen tips within an auction
4 context. However, Scaer's teaching is a generic method of providing help. It
5 would have been obvious to a person of ordinary skill in the art to have provided
6 help, and thus Scaer's form of help, to Barzilai's auction because of the known
7 complexity of auction procedures.

8 Accordingly we sustain the Examiner's rejection of claim 18 under 35 U.S.C.
9 § 103(a) as obvious over Barzilai and Scaer.

10
11 *Claim 20 rejected under 35 U.S.C. § 103(a) as obvious over Shoham and Scaer.*

12 The art applied shows or suggests a screen tip associated with items for sale
13 (FF36).

14 Accordingly we sustain the Examiner's rejection of claim 20 under 35 U.S.C.
15 § 103(a) as obvious over Shoham and Scaer.

16
17 *Claims 21 and 22 rejected under 35 U.S.C. § 103(a) as obvious over Shoham ,*
18 *Barzilai, and Scaer.*

19 The art applied shows or suggests a screen tip associated with items for sale
20 (FF36).

21 Accordingly we sustain the Examiner's rejection of claims 21 and 22 under 35
22 U.S.C. § 103(a) as obvious over Shoham, Barzilai, and Scaer.

Claim 29 rejected under 35 U.S.C. § 103(a) as obvious over Holden.

Claim 29 depends from claim 28, whose rejection we have not sustained, *supra*. Accordingly we do not sustain the Examiner's rejection of claim 29 under 35 U.S.C. § 103(a) as obvious over Holden.

Claims 30 and 32 rejected under 35 U.S.C. § 103(a) as obvious over Holden and Alaia.

Claim 30 depends from claim 28, and claim 32 contains a similar limitation to that of claim 30, whose rejection we have not sustained, *supra*. Accordingly we do not sustain the Examiner's rejection of claims 30 and 32 under 35 U.S.C. § 103(a) as obvious over Holden and Alaia.

NEW GROUNDS OF REJECTION UNDER 37 C.F.R. § 41.50(b)

Pursuant to 37 C.F.R. § 41.50(b), we enter the following new grounds of rejection:

Claims 5-7 and 28-32 are rejected under 35 U.S.C. § 101 as being directed toward non-statutory subject matter. In particular, these claims are to methods of collecting bids and applying rules, an abstract idea that lacks a useful, concrete, and tangible result.

The scope of patentable subject matter under section 101 is broad, but not infinitely broad. “Congress included in patentable subject matter *only* those things that qualify as ‘any ... process, machine, manufacture, or composition of matter, or any ... improvement thereof....’” *In re Warmerdam*, 33 F.3d 1354, 1358, 31 USPQ2d 1754, 1757 (Fed. Cir. 1994) (quoting 35 U.S.C. § 101) (emphasis added).

1 Thus, “[d]espite the oft-quoted statement in the legislative history of the 1952
2 Patent Act that Congress intended that statutory subject matter ‘include anything
3 under the sun that is made by man,’[citation omitted], Congress did not so
4 mandate.” *Id.*

5 In the case where a claim is for a process, as opposed to a product, “[t]he line
6 between a patentable ‘process’ and an unpatentable ‘principle’ is not always clear.
7 Both are ‘conception[s] of the mind, seen only by [their] effects when being
8 executed or performed.’” *Parker v. Flook*, 437 U.S. 584, 589, 198 USPQ 193, 197
9 (1978) (quoting *Tilghman v. Proctor*, 102 U.S. 707, 728 (1880)).

10 The Supreme Court has held that “[e]xcluded from such patent protection are
11 laws of nature, natural phenomena, and abstract ideas.” *Diamond v. Diehr*, 450
12 U.S. 175, 185, 209 USPQ 1, 7 (1981). “An idea of itself is not patentable.”
13 *Diehr*, 450 U.S. at 185, 209 USPQ at 7 (quoting *Rubber-Tip Pencil Co. v. Howard*,
14 20 Wall. 498, 507, 22 L.Ed. 410 (1874); *Gottschalk v. Benson*, 409 U.S. 63, 67,
15 175 USPQ 673, 675 (1972) (“[M]ental processes, and abstract intellectual concepts
16 are not patentable.”); *see also id.* 409 U.S. at 71, 175 USPQ at 677 (“It is conceded
17 that one may not patent an idea.”)). In contrast, “[i]t is now commonplace that an
18 *application* of a law of nature or mathematical formula [or abstract idea] to a
19 known structure or process may well be deserving of patent protection.” *Diehr*,
20 450 U.S. at 187, 209 USPQ at 8 (emphasis in original).

21 Two instances in which our reviewing court affirmed the statutory nature of
22 subject matter are pertinent to the above facts. In *Arrhythmia*, the court held “the
23 transformation of electrocardiograph signals ... by a machine ... constituted a
24 practical application of an abstract idea” where “the number obtained is not a
25 mathematical abstraction; it is a measure in microvolts of a specified heart activity,

1 an indicator of the risk of ventricular tachycardia.” *Arrhythmia Research Tech. v.*
2 *Corazonix Corp.*, 958 F.2d 1053, 1060, 22 USPQ2d 1033, 1039 (Fed. Cir. 1992).
3 Likewise, in *State Street*, the court held that “the transformation of data ... by a
4 machine ... into a final share price, constitutes a practical application of a
5 mathematical algorithm ... a final share price momentarily fixed for recording and
6 reporting purposes and even accepted and relied upon by regulatory authorities and
7 in subsequent trades.” *State Street Bank & Trust Co. v. Signature Fin. Group Inc.*,
8 149 F.3d 1368, 1373, 47 USPQ2d 1596, 1601 (Fed. Cir. 1998).

9 In contrast, claims 5-7 and 28-32 accept bids, determine who the bidders are,
10 and define rules. “[T]here is nothing physical about bids per se. Thus, the
11 grouping or regrouping of bids cannot constitute a physical change, effect, or
12 result.” *In re Schrader*, 22 F.3d 290, 293-94, 30 USPQ2d 1455, 1458 (Fed. Cir.
13 1994). Thus, these claims are directed toward no more than the idea of conducting
14 an auction with auction rules and bids. They produce no useful, concrete and
15 tangible result because they are not instantiated within a physical embodiment that
16 results in the transfer of property of an actual auction. Even the almost gratuitous
17 references to a network in claims 28-32 do no more than attempt to exalt form over
18 substance in introducing a term that creates the illusion of physicality in some
19 embodiments, but even to convey a representation of an abstraction over an
20 electronic network is still no more than manipulating an abstraction, and societal
21 networks of auction houses (e.g. Christies, from 1766), that convey bids are too
22 notoriously old and well known to so narrowly construe this term.

23 Thus, claims 5-7 and 28-32 fail to claim statutory subject matter.

REMARKS

The Appellants requested reconsideration of the outstanding restriction against claims 1-4 (Br. 7). However, this relates to a petitionable matter and not to an appealable matter. *See In re Schneider*, 481 F.2d 1350, 1356-57, 179 USPQ 46, 51 (CCPA 1973) and *In re Mindick*, 371 F.2d 892, 894, 152 USPQ 566, 568 (CCPA 1967). *See also MPEP* § 1002.02(c), item 3(a) and § 1201. Thus, the relief sought by the Appellant would have been properly presented by a petition to the Commissioner under 37 C.F.R. § 1.181 instead of by appeal to this Board. Accordingly, we will not further consider this issue.

DECISION

To summarize, our decision is as follows:

- The rejection of claims 15-19 under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention, as it pertains to the narrow grammatical error in the phrase “which allows entering a user to enter,” is sustained.
 - This rejection may be overcome by making the syntactic correction that the Appellant indicated would be made, i.e., changing the phrase to “which allows a user to enter.”
 - The Appellant has the right to make an amendment in conformity therewith under 37 C.F.R. § 41.50(c).
- The rejection of claims 15-19 and 29 under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention as they pertain to the failure of the phrase beginning with the word

1 “allowing” to positively recite the object of allowing as claimed subject
2 matter is not sustained.

- 3 • The rejection of claims 15, 16, and 19 under 35 U.S.C. § 102(e) as
4 anticipated by Barzilai is sustained.
- 5 • The rejection of claim 28 under 35 U.S.C. § 102(e) as anticipated by Holden
6 is not sustained.
- 7 • The rejection of claims 5-7 under 35 U.S.C. § 103(a) as obvious over
8 Shoham and eBay Help is sustained.
- 9 • The rejection of claims 9-11 under 35 U.S.C. § 103(a) as obvious over
10 Shoham and Harrington is sustained.
- 11 • The rejection of claims 23, 24, and 27 under 35 U.S.C. § 103(a) as obvious
12 over Barzilai and Auction This! is sustained.
- 13 • The rejection of claims 25 and 26 under 35 U.S.C. § 103(a) as obvious over
14 Barzilai, Auction This!, and Dinwoodie is sustained.
- 15 • The rejection of claim 17 under 35 U.S.C. § 103(a) as obvious over Barzilai
16 and Ladner is sustained.
- 17 • The rejection of claim 18 under 35 U.S.C. § 103(a) as obvious over Barzilai
18 and Scaer is sustained.
- 19 • The rejection of claim 20 under 35 U.S.C. § 103(a) as obvious over Shoham
20 and Scaer is sustained.
- 21 • The rejection of claims 21 and 22 under 35 U.S.C. § 103(a) as obvious over
22 Shoham, Barzilai, and Scaer is sustained.

- 1 • The rejection of claim 29 under 35 U.S.C. § 103(a) as obvious over Holden
2 is not sustained.
- 3 • The rejection of claims 30 and 32 under 35 U.S.C. § 103(a) as obvious over
4 Holden and Alaia is not sustained.
- 5 • Pursuant to 37 C.F.R. § 41.50(b), we enter the following new grounds of
6 rejection:
 - 7 ○ Claims 5-7 and 28-32 are rejected under 35 U.S.C. § 101 as being
8 directed toward non-statutory subject matter.

9
10 Regarding the affirmed rejection(s), 37 C.F.R. § 41.52(a)(1) provides
11 "Appellant may file a single request for rehearing within two months from the date
12 of the original decision of the Board."

13 In addition to affirming the Examiner's rejection(s) of one or more claims, this
14 decision contain a new ground of rejection pursuant to 37 C.F.R. § 41.50(b)
15 (effective September 13, 2004, 69 Fed. Reg. 49960 (August 12, 2004), 1286 Off.
16 Gaz. Pat. Office 21 (September 7, 2004)). 37 C.F.R. § 41.50(b) provides "[a] new
17 ground of rejection pursuant to this paragraph shall not be considered final for
18 judicial review."

19 37 C.F.R. § 41.50 (b) also provides that the Appellant, *WITHIN TWO*
20 *MONTHS FROM THE DATE OF THE DECISION*, must exercise one of the
21 following two options with respect to the new ground of rejection to avoid
22 termination of the appeal as to the rejected claims:

23 (1) Reopen prosecution. Submit an appropriate amendment of the claims so
24 rejected or new evidence relating to the claims so rejected, or both, and have the

1 matter reconsidered by the examiner, in which event the proceeding will be
2 remanded to the examiner

3
4 (2) Request rehearing. Request that the proceeding be reheard under § 41.52 by
5 the Board upon the same record

6
7 Should the Appellant elect to prosecute further before the Examiner pursuant to
8 37 C.F.R. § 41.50(b)(1), in order to preserve the right to seek review under 35
9 U.S.C. §§ 141 or 145 with respect to the affirmed rejection, the effective date of
10 the affirmance is deferred until conclusion of the prosecution before the Examiner
11 unless, as a mere incident to the limited prosecution, the affirmed rejection is
12 overcome.

13 If the Appellant elects prosecution before the Examiner and this does not result
14 in allowance of the application, abandonment or a second appeal, this case should
15 be returned to the Board of Patent Appeals and Interferences for final action on the
16 affirmed rejection, including any timely request for rehearing thereof.

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1 No time period for taking any subsequent action in connection with this appeal
2 may be extended under 37 C.F.R. § 1.136(a) (2006).

3 AFFIRMED-IN-PART -37 C.F.R. § 41.50(b)

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